

ON-SITE GENERATION SERVICE PROGRAM (SC)

AVAILABILITY (South Carolina only)

The program is available, at the Company's option, to nonresidential customers receiving concurrent service, for up to an aggregate of 250 MW of installed generation on the Company's system.

PROGRAM

Under the terms of this program, the Company will own, install, operate and maintain an on-site generator designed to provide a supply of electricity to the Customer's facility in the event that the normal supply of electricity is interrupted. In addition, the Company reserves the right to operate the generator at times when the supply of electricity has not been interrupted to the Customer's facility and thereby provides a source of capacity to the utility system. The minimum size generator provided under this program will have a nameplate rating of 300 kW. The generator and associated equipment will be located on the Customer's premises at a mutually agreed upon location. The Customer will be billed for all usage registered on the Company's billing meter under the applicable rate schedule.

RATE

The monthly rate for this service will be determined as follows:

Monthly Services Payment = Levelized Capital Cost + Expenses

Where:

Levelized Capital Cost is equal to the present value of all estimated capital related cash flows for a period corresponding to the time of engineering, design and installation of equipment through the term of the contract, adjusted to a pre-tax amount and converted to a uniform monthly payment for the term of the contract. The estimated capital cash flows shall include installed cost of equipment, contingency allowances, property taxes, salvage value, adjustment to reflect additional supporting investment of general plant nature, and income tax impacts.

Expenses shall equal the present value of estimated expenses associated with the support and maintenance of the generation and equipment, adjusted to a pre-tax amount and converted to a uniform monthly payment for the term of the contract. The estimated expenses shall include administrative and general expenses, expenses for labor and materials related to operations and maintenance, third party expenses for operations and maintenance, warranties, insurance, annual costs associated with working capital, fuel inventory, other costs related to the operation and support of the generator installation, and income tax impacts.

The after-tax cost of capital from the Company's most recent general rate case will be used to convert present values to uniform monthly payments.

PAYMENT

Bills for service under this program are due and payable on the date of the bill at the office of the Company. Bills are past due and delinquent on the fifteenth day after the date of the bill. All bills not paid by the twenty-fifth day after the date of the bill shall be subject to a one and one-half percent (1 ½%) late payment charge. This late payment charge shall be rendered on the following month's bill and it shall become a part of and due and payable with the bill on which it is rendered.

CONTRACT PERIOD

As provided in the On-Site Generation Service Agreement (Agreement), each customer shall enter into a contract for On-Site Generation Service from the Company for an original term of ten (10) years, or other term at the Company's option, and thereafter from year to year upon the condition that either party may terminate the contract at the end of the original term by giving at least ninety (90) days previous notice of such termination in writing. In the event of early termination of an Agreement under this program, the Customer may be required to pay the Company a termination fee as set forth in the Agreement.